

July 26, 2004

QUOTE OF THE WEEK

“As soon as any man says of the affairs of the State ‘What does it matter to me?’ the State may be given up for lost.” --- Jean Jacques Rousseau

UNDER THE DOME

*****And You Thought ‘Girly-Men’ Was Bad*****

In these days of political correctness, we would do well to remind ourselves about how politics used to be, lest we think that Governor Schwarzenegger let fly the very first and very worst personal invective in political history. Tony Quinn, co-editor of California’s Target Book, provided the proper perspective last week when he shared a quote by Hiram Johnson, former Governor of California. Johnson was running for his term as Governor in 1910, spearheading the Progressive reform agenda. The Progressives were fighting against the entrenched power of the oligarchic old guard, including the heads of the railroad and the publisher of the Los Angeles Times, Harrison Gray Otis. Johnson was vehement in his dislike for Otis and his use of the newspaper to control politics for the benefit of a few wealthy business interests.

Johnson said, “In our city we have drunk the dregs of the cup of infamy; we have been betrayed by public officials; we have been disgraced before the world by crimes unspeakable, but with all the criminals who have disgraced us, we have never had anything so degraded, so disreputable and so vile as Harrison Gray Otis and the Los Angeles Times. The one blot on the fame of Southern California, and the bar sinister on the escutcheon of Los Angeles is Harrison Gray Otis, a creature who is vile, infamous, degraded and putrescent. Here he sits in senile dementia, with gangrened heart and rotting brain, grimacing at every reform and chattering in important rage against decency and morality, while he is going down to his grave in snarling infamy.”

*****What Would \$300 Million Buy?*****

One of the issues credited with (or blamed for, depending on your viewpoint and political philosophy) holding up the state budget, is school bus contracts. The Republicans would like to make it possible for school districts to bid out busing contracts in search of the lowest price. Democrats would like to continue to require that school districts use only government workers to drive buses. If the Republicans had their way, school districts around the state could save roughly \$300 million per year. What else might school board members choose to buy with that money? They could afford one new textbook for every

student in California, or 6,000 new teachers, or put a computer in every classroom in the state.

*****Outsourcing, Another Perspective*****

The issue of outsourcing continues to generate controversy. As you read here last week, some Democrats even want to make the practice illegal for state government services. Some believe that when Americans lose jobs because foreign workers are willing to do them for less money, we lose. It is difficult to argue to those who lost their jobs in this way that there are benefits to this kind of economic dislocation. But to illustrate that there are benefits, it is helpful to look at how our own economy has been changed by job displacement in the past.

Looking through the 2003 annual report of the Federal Reserve Bank of Dallas, I read a wonderful article titled, "A Better Way, Productivity and Reorganization in the American Economy." The article points out that if you compare America today with earlier times, the inescapable conclusion is that the lives of Americans continue to steadily improve. There are many reasons for this, but in general, because companies have been able to achieve greater efficiencies at the microeconomic level, they have unleashed a power that has transformed the economy at a macro level. For example, in the 18th century, 90 percent of Americans worked on farms. New technologies and innovations caused a huge displacement of these workers from farms to cities. Government did not respond to this by outlawing the cotton gin or other farm equipment. The result was the rise of jobs in retailing, medical care, finance, and a host of services in America's cities.

This transformation continues today. According to the Fed, there are 182,000 fewer farm workers in America in 2002 than in 1992. There are also 347,000 fewer sewing machine operators, and 1,305,000 fewer secretaries and typists. To some, this is grim news. But look at the fields where America gained jobs. In 2002, there were 248,000 more financial service employees, 512,000 more registered nurses, 230,000 more designers, 147,000 more electronic engineers, 59,000 more actors and directors, 49,000 more photographers. What the Fed is pointing out is that the awesome rise in productivity in America is allowing our society to climb a hierarchy of human talents. This means that as long as we continue to allow the economy to evolve by reacting to market forces instead of political ones, we will continue to add jobs that use analytic reasoning, imagination, creativity, and people skills. This is the kind of economy that enables our kids to live better and have better jobs than we have had.

Clearly, human freedom in general, and free trade in particular, are not the enemy of the American workforce, but are essential for an improving economy and a better way of life for our citizens.

MISCELLANY

*****Split Ends*****

Last week marked an area code split in Southern California as Riverside County became the 951 area code and San Bernardino County remains the 909. Despite advance publicity, many users, particular cell phone users, were caught unawares. I found a great resource that lists all prefixes of 909 numbers that are now in the 951 area code. Cross-dialing will be in effect until October, but during that time, you will need to reprogram your speech dials and change your address books to reflect the change. I recommend you visit http://www.cpuc.ca.gov/static/industry/telco/area+code+info/040717_acsplit.htm to see the list of 909 prefixes affected by this change.

*****Citizenship Test 4*****

Today's questions from the INS Citizenship test focus on our Constitution. What these questions fail to get to are the nuances of living under such a document. While it seems so straightforward, those of us who have lived in this country all of our lives recognize that it has become more complex than the Founders intended. Indeed, civics would be easier for citizens—new and seasoned—to understand and participate in if the Constitution still meant what it said. That notwithstanding, consider these questions:

19. What is the Constitution?
20. Can the Constitution be changed?
21. What do we call a change to the Constitution?
22. How many changes or amendments are there to the Constitution?

BOE AND LEGISLATIVE DATES

July 31, 2004 --- Second quarterly Sales and Use Tax payment due

August 2, 2004 --- Legislature reconvenes, assuming they ever pass a budget before this date.

August 13, 2004 --- Last day for legislative fiscal committees to meet and report bills to the floor

August 16-31, 2004 --- Floor sessions only; no committee may meet for any purpose

August 24, 2004 --- BOE meets in Sacramento

August 31, 2004 --- Legislature recesses for the year.

September 8, 2004--- BOE meets in Sacramento

NOTABLE DATES/ HISTORY

July 26, 1788 --- New York became the 11th state to ratify the Constitution.

July 26, 1908 --- Federal Bureau of Investigation was established.

July 27, 1953 --- Armistice was signed, ending the Korean War.

July 28, 1868 --- The 14th Amendment was ratified, granting citizenship to former slaves.

July 28, 1943 --- President Franklin Delano Roosevelt announced the end of coffee rationing in U.S.

July 29, 1805 --- Alexis de Tocqueville, the author of the seminal "Democracy in America," was born in France.

July 29, 1588 --- The attacking Spanish Armada was defeated and scattered by English defenders, signaling a turn in the Protestant Reformation.

July 29, 1920 --- First transcontinental airmail flight from New York to San Francisco.

July 29, 1984 --- Summer Olympics opened in Los Angeles.

July 30, 1619 --- The Virginia House of Burgesses was formed becoming the first elective governing body in America.

July 30, 1733 --- The Society of Freemasons opened its first American lodge in Boston.

July 30, 1909 --- U.S. Army accepted delivery of the first military airplane.

July 30, 1942 --- FDR signed a bill creating the women's Navy auxiliary agency (WAVES).

July 30, 1965 --- President Lyndon B. Johnson signed the Medicare bill, which went into effect following year.

July 30, 1975 --- Teamsters President Jimmy Hoffa disappeared in suburban Detroit.

July 31, 1790 --- The first U.S. patent was granted: Samuel Hopkins for a potash process.

July 31, 1984 --- U.S. men's gymnastics team won team gold medal at L.A. Summer Olympics.

August 1, 1790 --- The first U.S. census found a population of 3,939,214 which is less than half of my Board of Equalization district.

August 1, 1794 --- The Whiskey Rebellion, the first test of the new U.S. government, began. One of the causes was protest over the high excise tax on whiskey.

August 1, 1869 --- Major John Wesley Powell began the first voyage down the Colorado River,

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

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